

25 June 1957

THRU Chief, St/I/R
:Chief, D/S

Chief, S/CST

25X1A8a

Targets on Rumania

REF : St/I Office Notice No.112, 9 April 1957

25X1A8a

Below is the S/CST contribution to the Targets on Rumania:

Objective II d

The strengths and weaknesses of the Soviet (including Satellite) economy, with particular reference to its ability to support a major war, the motivation, character, and magnitude of current economic development programs, their implementation and their effect upon the economic, political, and military strength of the Soviet Bloc; the capabilities and vulnerabilities of the Soviet and Satellite internal communications systems.

Background

There is little definitive information available on the construction industry in Rumania. Estimates of construction output must be based largely on data for capital investment. There is a dearth of information concerning labor force, productivity, construction costs, and the role of construction in investment.

The construction industry has made considerable progress since 1951, but output has generally failed to meet the needs outlined in the economic plans. Significant successes have been achieved in expanding the industrial base, but housing construction has failed by a substantial margin to keep pace with the needs of the population. A serious housing shortage has been a major economic problem facing the regime throughout the postwar period. The major shortcomings of the industry are poor planning, poor organization and management of construction, low worker productivity, and inadequate supplies of building materials. Too often the plans follow the construction, rather than the logical reverse sequence, necessitating building adjustments. Coordination between construction trusts and ministries has been faulty and as a result has impeded construction performance. The Second Five Year Plan provides for an increase in capital investment by the State of 65 percent above actual investment in the period 1951-55. This indicates an increase in planned

25X1A8a

SUBJECT: [REDACTED] Targets on Rumania

construction of about the same magnitude. The key to fulfillment of the plan is probably the improvement of worker productivity through increased mechanization and industrialization of construction. New methods of construction using prefabricated elements of re-inforced concrete were introduced during the First Five Year Plan, but only on a minor scale.

A basic deficiency in investment planning in the Satellites has been the tendency to underestimate the quantity of inputs required for the construction of investment projects. It is also possible that investment plans are based on materials prices which do not reflect actual per unit costs of production. If this is the case, the reporting of construction plan fulfillment in value terms at ~~prices~~ ^{prices} understates the actual cost to society of investment projects and conceals failure to accomplish the planned physical volume of construction with allocated investment funds.

A. General

Basic Guidance

Economic plans, programs, plan fulfillment reports, significant failures and achievements; construction planning apparatus; effects of recent moves to decentralize control over planning and execution of construction activity.

Distribution of construction output among major economic sectors; the extent of military and defense construction and the impact on the over-all construction program; shortages of building materials, particularly cement; any evidence of cutbacks in housing, social, and cultural construction so that scarce construction resources can be diverted to industrial construction; developments in the production of prefabricated sections and large wall panels for housing and other construction, with particular reference to production of lightweight panels and completely prefabricated houses; progress in applying techniques of industrialized construction.

Methods of arriving at estimate prices for construction materials and manpower used in investment planning;; actual costs of production of various building materials; prices at which materials are sold to construction enterprises and the basis for their determination; relationship of market prices to production costs and estimates, or plan prices; price basis used by the construction industry in reporting plan fulfillment, i.e., is plan fulfillment reported in terms of plan prices or does it reflect actual prices paid for inputs, where actual prices differ from plan prices.

~~SECRET~~

SECRET

<u>No.</u>	<u>Target</u>	<u>Location</u>
1	<u>Classified version of the Second Five Year Plan (1956-60), yearly economic plans, Budgets, and plan fulfillment reports.</u>	Most likely to exist in offices of the ministries and the planning commission of the council of ministers.
2.	<u>Classified directives of the Ministry of Construction concerning methods of reporting of construction output and plan fulfillment</u>	Ministry of Construction, other investing ministries and offices of construction enterprises.
3.	<u>Classified directives of the Ministry of Construction establishing prices of building materials and wage rates for specific types of labor.</u>	Ministry of Construction, construction enterprises, building materials production enterprises.
4.	<u>Classified production and financial records of enterprises producing building materials and their reports to the Ministry of Construction.</u>	Ministry of Construction individual building materials enterprises.
5.	<u>Classified records of construction enterprises, with particular reference to total wages and materials costs, and periodic reports submitted to the Ministry of Construction.</u>	Ministry of Construction, individual construction enterprises.

25X1A9a

Distribution:

Orig. & 1 - Addressee

2 - D/S

2 - S/CST

25X1A9a

ORR/S/CST: [redacted] rw/4597 (25 June 1957)

SECRET